

GAO

Fact Sheet for the Honorable
Edward M. Kennedy, U.S. Senate

September 1990

EL SALVADOR

Pipeline of U.S. Aid as of August 1990





United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-240989

September 19, 1990

The Honorable Edward M. Kennedy
United States Senate

Dear Senator Kennedy:

As you requested, we determined the amount of U.S. military and economic assistance for El Salvador that has not been expended. This information updates our fact sheet provided to you on February 23, 1990, El Salvador: Pipeline of U.S. Military and Economic Aid (GAO/NSIAD-90-121FS).

Results in Brief

As of August 1990, about \$432 million in aid to El Salvador had not been spent. Of this amount, about \$54 million was for military assistance and about \$378 million was for economic assistance. About half the unexpended military assistance, or about \$26 million, related to items that had been ordered through the Defense Security Assistance Agency and military services but had not been delivered. Unexpended economic aid consisted of about \$35 million in unobligated funds and about \$343 million in funds that had been obligated but not expended.

Military Assistance Pipeline

Unexpended military assistance funds for El Salvador totalled \$53.5 million in August 1990 (see table 1). This amount includes unobligated assistance funds and funds obligated through agreements with the Salvadoran government that were (1) not committed for specific uses, (2) committed to specific Salvadoran purchases of military items that have not been ordered, and (3) related to items that have been ordered but not delivered to El Salvador.

Table 1: Military Assistance Funds Available to El Salvador (as of Aug. 24, 1990)

Dollars in millions	
Status of funds	Amount
Unapportioned/unobligated	\$10.0
Obligated/uncommitted	4.7
Committed but not yet on order	12.7
On order but not yet delivered	26.1 ^a
Total	\$53.5

^aArmy, Navy, and Air Force data as of August 1, 1990.
Source: Defense Security Assistance Agency.

Fiscal year 1990 military aid available to El Salvador under the Foreign Military Financing Program amounted to \$84.6 million for purchases of military goods and services. As of August 24, 1990, all but \$10 million of these funds had been obligated. The Defense Department expects that \$5 million of the \$10 million will also be obligated by September 30, 1990. The remaining \$5 million would be subject to legislative embargo¹ and was expected to be reprogrammed in September 1990.

Of funds already obligated through agreements with the Salvadoran government, \$4.7 million² had not been committed to specific Salvadoran purchases of military items. An additional \$12.7 million had been committed to pay for specific purchases, but the orders had not been placed. Of this amount, \$9.9 million has been committed for the purchase of 12 V150 armored vehicles equipped for combat operations in urban areas.

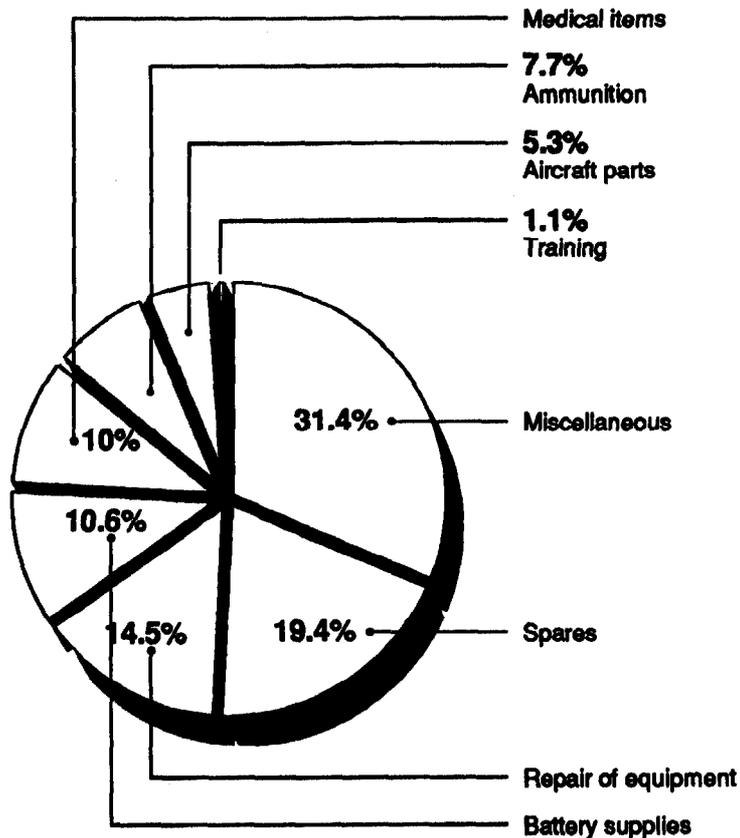
Purchases on order but not yet delivered amounted to \$26.1 million³ as of August 1, 1990. (The Defense Department includes shipments in transit as being delivered.) Because shipments may be made daily, the amount of undelivered orders may have changed since we obtained the data. Defense Department information indicates that almost one-third of the undelivered orders consist of miscellaneous items such as individual clothing and equipment, nonmilitary vehicles, generator sets, radios, and cloth and raw material for uniforms and boots. The pipeline also includes spares, equipment repair services, battery supplies, medical items, ammunition, aircraft parts, and training. Figure 1 shows the types of military supplies and equipment that have been ordered but not delivered.

¹Section 538 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1990 (the Harkin Amendment), requires that \$5 million of appropriated funds for military assistance and financing for El Salvador not be expended until the President reports to Congress that El Salvador has substantially concluded all investigative action on the January 1981 murders of two U.S. land reform consultants and has pursued all legal avenues to bring to trial and obtain a verdict on those who ordered and carried out the murders, as well as the September 1988 massacre near San Francisco, El Salvador.

²Includes \$0.3 million from prior fiscal year funds.

³Includes purchases on order from current and prior fiscal years.

Figure 1: Military Items Ordered but Not Delivered (as of Aug. 1, 1990)



For fiscal year 1991, the executive branch has requested \$90 million in Foreign Military Financing to fund additional military supplies, equipment, and services for El Salvador.

Economic Assistance Pipeline

As of August 1990, unexpended economic assistance funds for El Salvador amounted to about \$378 million. About \$343 million, or about 90 percent, was Economic Support Fund,⁴ Development Assistance,⁵ and

⁴The Economic Support Fund is used to promote economic or political stability in areas where the United States has special security or other interests. It may be provided as project aid or as cash transfers to finance imports and support balance of payments.

⁵Development Assistance is project aid to provide basic needs to the poor and advance economic development.

Public Law 480⁶ monies that had been obligated but not expended. The remaining \$34.6 million had not been obligated. Table 2 lists U.S. economic assistance for El Salvador that has not been obligated or expended.

Table 2: Economic Assistance Funds Available to El Salvador (as of Aug. 21, 1990)

Dollars in millions	
Status of funds	Amount
Unobligated	
Economic Support Fund	\$22.1 ^a
Development Assistance	12.5
Obligated but unexpended	
Economic Support Fund cash transfers	49.0
Economic Support Fund and Development Assistance projects	288.8 ^b
Public Law 480	5.2
Total	\$377.6

^aAmount includes \$1.6 million from the Central American Survival Assistance Program, a separate no-year account, to assist displaced Salvadoran families.

^bData as of June 30, 1990.

Source: Agency for International Development.

Fiscal year 1990 economic assistance for El Salvador and a small amount of 1989 aid funds carried over for obligation in 1990 totalled \$252.4 million. This amount includes \$145.9 million in Economic Support Fund monies (\$98.0 million for cash transfers and \$47.9 for project assistance), \$59.7 million in Development Assistance, and \$46.8 million in Public Law 480 funds.

As of August 21, 1990, the Agency for International Development had not yet obligated \$22.1 million in Economic Support Fund project aid and \$12.5 million of the Development Assistance funds. All Economic Support Fund cash transfers and Public Law 480 funds had been obligated. Because the Development Assistance funds must be obligated in the year they are appropriated, Agency for International Development officials told us that the remainder would probably be obligated by September 30, 1990. Some of the Economic Support Fund monies may be carried over for obligation in fiscal year 1991.

⁶Public Law 480 (Food for Peace) Title I authorizes the provision of long-term, low-interest loans to purchase U.S. agricultural commodities. Title II authorizes food donations to benefit needy people.

As of June 30, 1990, obligated but unexpended Economic Support Fund and Development Assistance monies for project assistance amounted to \$288.8 million for current and prior fiscal years. The Agency for International Development mission in El Salvador estimated that about \$30 million of these funds would be expended by September 30, 1990.

As of August 21, 1990, the Agency for International Development had not disbursed \$49 million in Economic Support Fund monies obligated for cash transfers. The agency expects to disburse these funds in September 1990.

A final agreement for shipment of \$5.2 million in Public Law 480 Title I food commodities was signed with the government of El Salvador on August 2, 1990. The shipment had not been made as of August 21, 1990. Agency officials expect it will be delivered in September 1990.

The executive branch has requested \$284 million in economic aid for fiscal year 1991. This amount includes economic assistance from the Economic Support Fund (\$180 million), Development Assistance (\$64 million), and Public Law 480 (\$40 million).

Scope and Methodology

To obtain the information for this fact sheet, we interviewed officials from the Agency for International Development, the Defense Security Assistance Agency, and the military services. We also reviewed agency documents, including listings of active sales cases prepared by the military services and economic aid financial reports. For purposes of this fact sheet, the pipeline includes funds available for obligation and funds obligated but unexpended. We obtained the most recent data available for the various sources of funds; however, agency reporting dates vary.

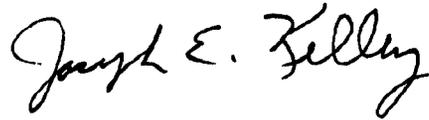
We conducted our review during August 1990 in accordance with generally accepted government auditing standards. We did not obtain written agency comments, but we provided a draft of this fact sheet to Defense Security Assistance Agency and Agency for International Development officials, who concurred with the data in the report.

Unless you publicly announce its content earlier, no further distribution of this fact sheet will be made until 10 days from its issue date. At that time we will provide copies to interested congressional committees, the Secretaries of Defense and State, the Administrator of the Agency for

International Development, and the Director of the Office of Management and Budget. We will also provide copies to other interested parties upon request.

Staff who made major contributions to this fact sheet are John Brummet, Assistant Director, and Audrey Solis, Evaluator-in-Charge. If you have any questions, please call me on (202) 275-4128.

Sincerely yours,



Joseph E. Kelley
Director, Security and International
Relations Issues

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